

2002



# Metro Tasmania

## Annual Report 2001/2002



# Metro Tasmania



Throughout Tasmania, people from all walks of life rely on Metro everyday to get them where they want to go, safely, on time and at reasonable cost.

We aim to provide all our customers with the best possible urban public transport service to meet their needs.

The background theme to this year's annual report is to take you through a day in the life of a Metro bus, showing you the places it goes to and the people it comes across.





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## Introduction

The Principal objective of Metro Tasmania Pty Ltd is defined in the Metro Tasmania Act, 1997. It is:

*"To provide, road passenger transport services in Tasmania and to operate those services in a manner consistent with sound commercial practice."*

This legislation was enacted in February 1998 and established Metro Tasmania Pty Ltd as a State Owned Company operating under Corporations Law.

Metro Tasmania Pty Ltd has evolved out of the former Metropolitan Transport Trust (MTT), which itself was formed in 1954 by the transfer of urban public transport services operated by the Hobart and Launceston City Councils to the Tasmanian Government. In 1959, MTT extended its operations to include urban bus services within the Burnie Municipality.

Metro Tasmania provides a broad range of urban passenger transport bus services within Hobart, Launceston and Burnie, as well as between Wynyard, Burnie and Ulverstone and between Hobart and Bothwell. These services are specified within a Community Service Activity contract between Metro and the Department of Infrastructure, Energy and Resources (on behalf of the State Government). Full details of the general route services and special student services provided by Metro can be obtained by searching Metro's website at [www.metrotas.com.au](http://www.metrotas.com.au).

Metro also provides a range of local and statewide charter services, as well as special event services (such as for the Hobart Show).

In its Corporate Plan Metro has identified its vision as becoming *the best value-for-money road passenger transport service provider in Australia*. Metro's Corporate Plan also sets out the Goals, Targets and Strategic Actions that Metro will be pursuing in order to achieve this outcome. Anyone wishing to obtain a summary of Metro's Corporate Plan can do so by contacting Metro or by downloading the document from our website [www.metrotas.com.au](http://www.metrotas.com.au).

Metro also owns a subsidiary bus company, Metro Coaches (Tas) Pty Ltd, which operates regular passenger transport services between Hobart and Kingston, Blackmans Bay, the Channel, Richmond and New Norfolk.

Metro is the registered trading name of Metro Tasmania Pty Ltd, and Hobart Coaches is the registered trading name of Metro Coaches (Tas) Pty Ltd.



## Company Directory

### Nature of Business:

Provision of bus transport services

### Issued Capital:

Two shares of \$1.00 each

### Registered Office:

212 Main Road  
Moonah, Tasmania

### ACN Number:

081 467 281

### Directors:

Ms Sally Denny B Ec FCPA, FAICD, Chairperson

Mr John Lees (deceased, 26 November 2001)

Ms Ketrina Clarke LLB MBA, Barrister & Solicitor

Mr Michael Wisby B.Com

Mr Fred Van Buren

### Shareholders:

Crown of Tasmania

### Senior Managers:

Mr Laurie Hansen, JP, MAICD  
Chief Executive Officer

Mr George Keenlyside,  
Manager Corporate Services and  
Company Secretary

Mr Tony Sim,  
Group Manager Operations and Engineering

Mr Jack Lane,  
Manager Business Development

### Bankers:

Commonwealth Bank of Australia  
81 Elizabeth Street  
Hobart, Tasmania

### Auditor:

Auditor General







## Principal Offices

### HOBART

Address: Head Office  
212-220 Main Road, Moonah,  
Tas

Postal Address: PO Box 61, Moonah 7009

Telephone: (03) 6233 4232

Facsimile: (03) 6272 8770

The Metro Shop: Hobart GPO  
Elizabeth Street Bus Mall  
Hobart, 7000

### LAUNCESTON

Address: 168 Wellington Street,  
Launceston, Tas

Postal Address: PO Box 578, Launceston, 7250

Telephone: (03) 6336 5888

Facsimile: (03) 6336 5899

### BURNIE

Address: 28 Strahan Street, Burnie, Tas

Postal Address: PO Box 182, Burnie, 7320

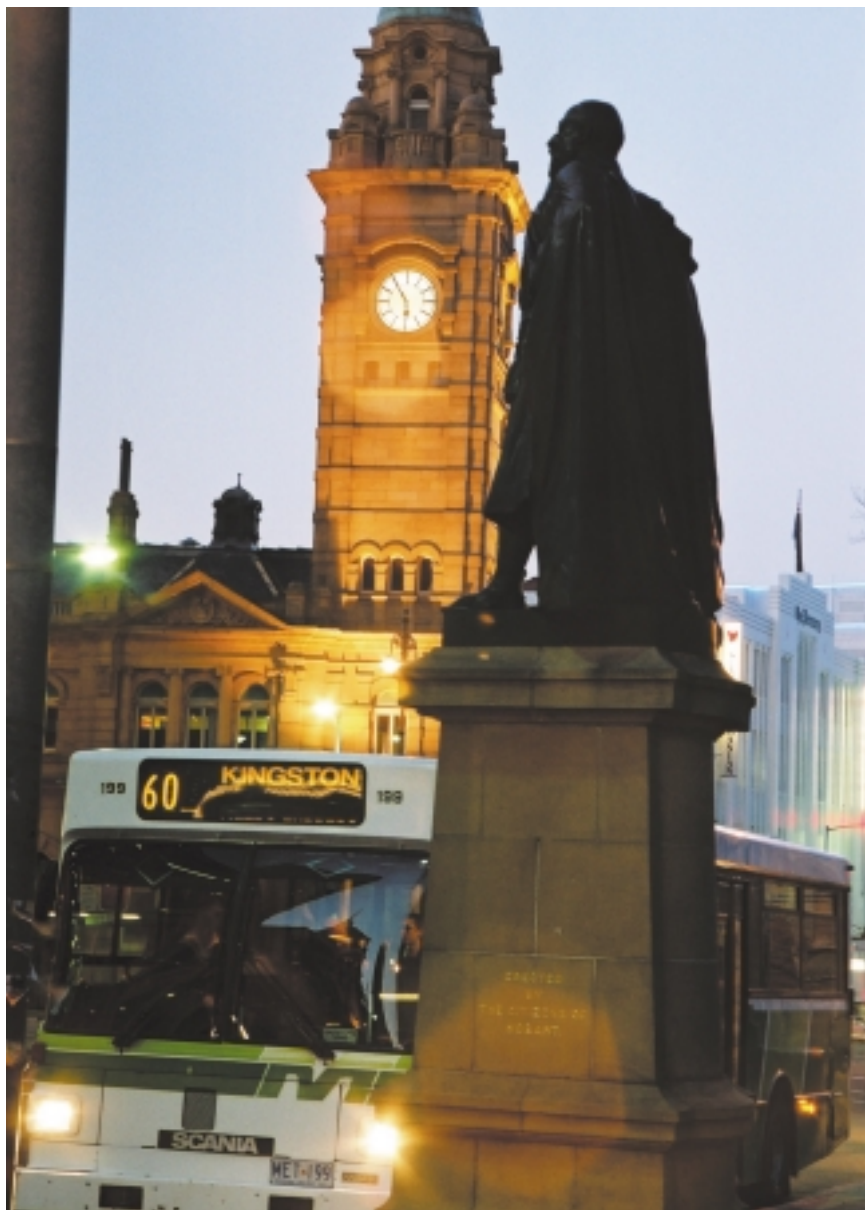
Telephone: (03) 6431 3822

Facsimile: (03) 6431 9336

### STATEWIDE

Website: [www.metrotas.com.au](http://www.metrotas.com.au)

E-mail: [correspondence@metrotas.com.au](mailto:correspondence@metrotas.com.au)





## Chairperson's Review

### General Overview

Two of Metro's key performance indicators are the number of passengers we carry and our bottom line financial result.

After significant patronage increases in 2000/01 for both Metro and its fully owned subsidiary Hobart Coaches, a small decline was experienced in 2001/2. However, when these results are compared to the long-term trends for patronage levels over the last 40 years, of a decline of 2.5% per annum in first boardings, we can again see that Metro has achieved a pleasing result in the number of passengers carried. I thank all Metro's employees for this outcome.

Metro's contract arrangements are based on achieving a break-even financial result. For the second time in three years I am pleased to report that Metro has been able to return a profit and make a significant dividend payment to our shareholders, the Government of Tasmania.

Against these two performance measures we can see that Metro is not only providing services in line with customer needs, but we are also operating a sound commercial business. These are very satisfactory outcomes for Metro, our customers and our shareholders.

### Operational Performance

For some time Metro has been concerned about the long-term declining trends in public transport usage. A range of actions has been taken to try and boost patronage, as well as trying to better understand why the trend was happening.

As part of Metro's response to this situation we undertook a detailed analysis of historical patronage trends, engaging internationally renowned consultants Booz Allen Hamilton. That analysis not only identified a long-term trend decline in patronage levels of about 2.5% per annum for Metro, but also predicted that without policy changes from Governments in favour of public transport, this trend was likely to continue.

Metro for its part has continued to take action to try and improve the level of services that it delivers to its customers, and build patronage. The results have been better than we could have anticipated in 1999, when the Booz Allen Hamilton study was completed.

Metro's passenger levels declined by 0.7% in 1999/00, increased by 2.3% in 2000/01 and declined by 0.6% over the last financial year 2001/02. Whilst some of this growth was due to expanded services, through the introduction of services into Ravenswood in May 2000, we believe that the improved service delivery has had a significant effect. Metro will continue to improve service delivery in the years ahead. We will also

need to enlist the help of others, particularly State and Local Governments, if the community as a whole is to give appropriate priority to public transport and thus enable us to avoid a return to a long-term decline in public transport usage.

Metro, as a service industry, relies on the quality of its customer service in order to attract and retain customers. A key aspect of our patronage performance has been the attention that we are giving to improved customer service. Our ability to be a truly customer-focussed organisation will be a key factor in our ability to continue to produce strong operational results as a company.

### Financial Results

Going hand in hand with our performance from a patronage perspective, Metro has also been able to report a very positive financial result for 2001/02 with an operating profit of \$409,000 being recorded by Metro and an additional profit of \$4,000 by Hobart Coaches.

The Directors are recommending a dividend payment to its shareholders, the Tasmanian Government, of \$286,000 for the financial year 2001/02. This follows an earlier dividend payment of \$533,000 for the financial year 1999/00. These are significant returns to the Tasmanian community in an environment where no dividends are budgeted.

What is all the more pleasing for 2001/02 is that this financial performance has been achieved in a year that has again seen revenues from advertising fall significantly below expectations due to a national downturn in that area of economic activity.

Against this background of sound financial performance Metro is now firmly embarking on a major capital investment program to modernise its fleet and make it fully accessible in line with the requirements of the Commonwealth *Disability Discrimination Act*.

In July 2001 Metro took delivery of the first three fully accessible vehicles, 14.5 metre Scania long rigid buses. In September 2001 Metro called tenders for 20 new fully accessible standard rigid buses to be delivered over the financial years 2001/02 and 2002/03. Four of these buses were delivered by the 30 June 2002, with 6 scheduled for delivery in July/August 2002 and the remaining 10 expected between April and June 2003. This represents a major financial commitment by Metro, and one that will continue on an on-going basis until the fleet becomes 100% fully accessible.

These new accessible buses are first being placed into operation in Hobart where an accessible service timetable will be introduced and promoted. Accessible buses will be progressively phased into service in Launceston and Burnie as more vehicles are acquired.







## Chairperson's Review *continued*

### Operating Conditions

Operating conditions for Metro have generally been positive for the last financial year. Business confidence and employment conditions have given indications of improvement and the historical decline in the Tasmanian population appears to have been arrested. With the introduction of natural gas, the development of Bass-Link, the expansion of air services and the introduction of the "twin Spirits" onto the Bass Strait service there is also greater optimism for the future.

A particular factor affecting Metro's customer profile, both now and into the future, is the underlying change in the demographics of the State's population. There is a clear decline in school-age children and a clear increase the proportion of the Tasmanian population over the age of 55. These trends are becoming visible in patronage data, and will have a major impact on the public transport industry over the next 10 years.

On 1 July 2001 Metro signed a new three-year Community Service Activity Agreement with the Government to provide public transport services in Hobart, Burnie and Launceston. A key aspect of this new contract is the indexation of Metro's contract payments by the Metro Index, an index specifically designed by the Government Prices Oversight Commission to reflect Metro's costs.

During the financial year there were no increases in bus fares. However, provisions have been put in place to enable Metro to adjust its fares in the future in line with movements in the Metro Index. This provides Metro with greater certainty over its major revenue streams.

The main source of supplementary income for Metro is advertising. Conditions in the Australian advertising industry are fairly weak and this was reflected in lower than anticipated revenues from this source. Metro awaits the long overdue turnaround in the advertising industry to boost revenues from this source in future years.

Fuel prices fluctuated to a certain extent but did not exhibit the same level of increase and instability that existed in 2000/01. It is anticipated that fuel prices will remain high for some time.

The continued weakness in the Australian dollar reflects back into Metro's costs through the price of imported parts and the chassis and engines for Metro's vehicle replacement program.

The Government's *Passenger Transport Act 1997* provides for the progressive review of bus services on an area-by-area basis. It can be anticipated that this process will result in a number of changes within the industry over the next 2 to 3 years.

The industrial environment affecting the organisation has remained harmonious with no disputation over the reporting period.

### Metro Coaches (Tas) Pty Ltd

Hobart Coaches continues to perform solidly and provided a valuable contribution to Metro's results for the year. Patronage growth has slowed with a decrease of 0.5% in passenger boardings for 2001/02, following on from the exceptional increases of 8.7% in 1999/00 and 4.3% in 2000/01. Hobart Coaches reported an operating profit of \$4,000 for 2001/02.

### Deputy Chairman - John Lees

The Board wishes to acknowledge the significant contribution made to Metro by their colleague John Lees, who passed away unexpectedly in November 2001.

Sally Denny  
CHAIRPERSON





## Chief Executive Officer's Review



2001/02 has been another very significant year for Metro.

In 1999 we obtained expert consultant advice regarding the long-term trend for passenger boardings. That advice was sobering, in that it identified a 40-year trend decline of around minus 2.5% per annum, and it also indicated that the future expectations were for much of the same. The consultants went on to state that whilst Metro may influence passenger loadings in the short-term, many of the factors affecting public transport use required a more co-ordinated plan of attack involving both State and Local Government if a fundamental change to the trend was to be achieved.

We now find ourselves three years on from that consultant's report and Metro has performed very well compared to that long-term trend. In 1999/00 passenger levels, as measured by first boardings, declined by only 0.7%. In 2000/01 passenger levels increased by 2.3%, and now in 2001/02 the decline has again been limited to just 0.6%. In 1998/99 the total first boardings on Metro's scheduled services was 7.83M whereas in 2001/02 total first boardings stood at 7.87 M. The 2001/02 figures need to be adjusted downwards by about 50,000 first boardings to take account the fact that Metro now services Ravenswood. The net result is that our first boardings this year are effectively the same as they were in 1998/99. Compared to historical trends this is a very pleasing result.

There are many factors contributing to this situation, some of which are beyond Metro's control such as decisions by local government policies relating to the supply and price of car parking. However, over recent years Metro has been responsible for a wide range of initiatives designed to influence passenger loadings. These include:

- The introduction of more flexible services such as the Busy-Bee, the Door-Stopper, the Shopper-Stopper and Courtesy Zones;
- Improvements to timetables and routes to better meet customer needs;
- Improved information about our services;
- changes to the day-tripper and day-rover ticket rules to make the tickets more flexible;
- The adoption of a Customer Service Charter and its use in changing our staff training and our relationships with our clients;
- An increased focus on staff training;
- Changing the gender mix of our workforce to provide a different perspective in performing the same job, diversifying the way in which our customers needs are met; and
- The commencement of a major bus replacement program in this financial year.

If we are to continue this transformation in passenger boardings we must not only become more attuned to identifying and meeting our customers' needs ourselves, but we must also start to more actively engage Local and State Governments in programs designed to give greater priority to public transport in a wide range of areas.

In recent years we have been working with both levels of Government to implement a number of traffic management measures to give greater priority to buses on the road. We have also been talking with the Councils about their "Greenhouse Strategies" and the role that public transport can play in helping them to achieve their targets, as well as helping Metro at the same time.

This financial year also saw Metro work co-operatively with private developers and the Launceston City Council to achieve the reality of a Transit Centre for Launceston; a first for Tasmania. The Transit Centre will provide an effective interface between regional bus services and Metro's local urban network. An important driving force behind the development of this centre was Metro's Deputy Chairman and Mayor of Launceston, John Lees. Sadly John passed away in November 2001 and was unable to see the Transit Centre become a reality (*the Launceston Transit Centre opened in September 2002*).

Metro needs to seize the opportunities that are provided by this willingness of others to "do things differently". It will be our aim to ensure that we do not slip back into following the long-term historical trends for public transport, but rather set out on a new positive trend where increases in patronage levels are more normal and not the source of surprise.

### The Changing Profile of Metro's Customer Base

Whilst the overall number of Metro passengers has not changed noticeably over the last 3 years, there have been some significant changes in the composition of Metro's customer base, as illustrated below.

The number of full fare adult passengers has declined slightly, the number of student/child passengers has dropped and the number of concession passengers has increased.

### First Boardings by Ticket Category (Million)

	Student/ Child	Concession	Adult	Total
<b>1998/99</b>	3.53	2.53	1.77	7.83
<b>2001/02</b>	3.27	2.89	1.71	7.87

This pattern is consistent with what could be expected when taking into account the projections





## Chief Executive Officer's Review *continued*

made by the Australian Bureau of Statistics about the demographic profile of Tasmania's population as it ages. This trend has some significant implications for Metro, and will be closely monitored.

### Service Accessibility and The Bus Replacement Program

Metro is committed to improving the accessibility of its services to all members of the community, and in particular to those with mobility difficulties. We have developed an Accessible Transport Action Plan under the framework of the Commonwealth's *Disability Discrimination Act (DDA)* and are progressively implementing and updating that plan. This is all part of an "Accessible Metro" strategy.

A key element of that strategy is to introduce and effectively utilise an accessible bus fleet. In 2001/02 Metro made a major commitment to replacing its fleet with new buses that meet the "Accessible Transport Standards" applying under the DDA. This commitment included:

- July 2001 - delivery of three 14.5 metre long-rigid fully accessible buses;
- September 2001 - calling tenders for the provision of 20 new fully accessible standard rigid buses for delivery over 2001/02 and 2002/03; with an option for a further 20 vehicles over the following two years;
- February 2002 - Adopting a Corporate Plan that includes a target of 50% of the fleet being fully accessible by July 2011;
- May 2002 - commencing planning for the deployment of Metro's accessible buses as part of an Accessible Services Timetable for Hobart; and
- June 2002 - taking delivery of four of the first ten new standard buses (*the remaining six arrived in July and August 2002*).

In the first instance the accessible buses will be deployed in Hobart and then, when sufficient vehicles are available, they will be deployed to Launceston and Burnie.

This commitment to the acquisition of an accessible bus fleet represents a major investment by the Company. Ensuring the success of the "Accessible Metro" strategy will be an important factor for Metro over the next few years.

### Public Transport Safety

The Tasmania Together process identified as one of its specific goals - *"have a community where people feel safe and are safe in all aspects of their lives"*.

In support of this goal they identified the percentage of people in the community who feel safe using public transport as a specific measure.

Surveys undertaken by the Australian Bureau of Statistics identified that in 2000 only 53% of the general Tasmanian community felt safe using public transport, and a target of 85% by 2020 was set to work towards.

Metro also undertakes similar attitudinal surveys of how safe people feel on public transport and found that almost 80% of our passengers felt safe using public transport.

There are two particular lessons that we can learn from these statistics:

- Public safety is an important issue for the travelling public; and
- Those who use our services rate the safety of public transport far higher than those that don't use public transport.

Metro is responding positively to these messages.

In 2001/02 Metro:

- Chaired a Transport and Fear of Crime Working Group incorporating Metro, the Crime Prevention and Community Safety Council, the Tasmanian Police, the Clarence, Glenorchy and Hobart Councils and representatives from a broad cross-section of educational organisations. The aim of this group was to develop proposals for improving public safety within bus interchanges;
- Committed funds with the Glenorchy City Council to improve the lighting at the Glenorchy bus station;
- Commenced the "Bully Free Zone" program arising out of the state-wide schools "public transport-no hassles" competition. The program is aimed at empowering school children to recognise that they should not have to tolerate bullying, and how they can appropriately respond to any instances of bullying they come across. The competition was developed following research into difficulties experienced by intellectually handicapped persons when using public transport, but has been found to be relevant for all students. The project has been a joint effort between Metro, Parkside Leisure and Cosmos Recreation Services and was funded by the Community Support Levy administered by the Department of Health and Human Services; and
- Became a sponsor for "Neighbourhood Watch" as part of our overall program for improving public safety and the on-going working relationships between Metro and the Police.

In addition, detailed discussions were undertaken with Police aimed at improving the level of Police involvement with security arrangements for public transport, and also to ensure a co-ordinated approach to addressing incidents of rock-throwing or other inappropriate behaviour towards public transport.





## Chief Executive Officer's Review *continued*



### Female Drivers

In recent years Metro has adopted a policy of giving preference to females in applications for new bus drivers so as to align the gender composition of our work-force to more closely reflect that of our customers. We see this as making Metro more reflective of community attitudes, needs and wants.

There is no belief in Metro that women perform the task of bus driver any better, or any worse, than men. However, they bring a different perspective to the same job. A workforce that is not dominated by one gender is believed to be a more appropriate structure for the nature of Metro's work and also provides a more vibrant, inclusive and modern organisational culture within which to work.

This strategy has resulted in the proportion of drivers that are female increasing from 3% (8 women) in 1995 to 36% (118 women) by the end of 2001/02.

During the year Metro applied for and received a further exemption from the Anti-Discrimination Commission allowing it to specifically recruit females for driving positions. The exemption expires on 31 October 2003.

### Customer Service

Metro is a customer-focussed organisation. We recognise the importance of our customers to our very being.

The essence of our customer-focus is outlined in our Customer Service Charter. The importance of our interface with customers is also a critical component of our ongoing training program.

During the year we continued to focus heavily on staff training. Some 83 employees successfully completed the Level 3 Certificate in Transport and Distribution (Road Transport) during the financial year (details of successful employees are listed in attachment A). Metro also commenced a program of providing specific customer service training program for all operators, and this program will be concluded in early 2003.

### Other Activities

Other activities of note during the financial year included:

- Significant media exposure promoting the use of:
  - Metro Route Services
  - Metro Charter Services
  - Metro Bus Advertising
- Continuation of the program of productivity and quality improvements in maintenance activities;
- Working with the Launceston City Council to provide the "Launceston City Go Round" tourist service from Christmas to Easter;

- Successfully providing transport services for the 7th Junior Men's World Hockey Cup in an environment of extreme uncertainty caused by the collapse of Ansett in the days leading up to the event;
- All Metro drivers were again invited to participate in the "ABC Giving Tree" Christmas appeal, raising in excess of \$2,500;
- Introducing upgraded timetables for Good Friday and Christmas Day in Hobart;
- As a road safety initiative Metro offered a "\$1 ride home" fare for passengers using any Metro services after 6:00 pm in the lead up to Christmas. About 5,150 passengers used this promotional fare;
- Working with the Hobart City Council to promote public transport use as part of their sustainable transport strategy;
- Conducting a program of school visits to familiarise grade 6 students with Metro's services, as they prepare for the move from primary to secondary school;
- Conducting regular market research surveys to establish how Metro is performing against the criteria set out in our Customer Service Charter, such as on-time performance, the level of customer service, and the standard of our vehicles; and
- Operating special late night buses right through the night on New Years Eve in Hobart at a special \$3 fare, with nearly 2000 passengers using these services.

### Metro Sponsorship

As part of Metro's strategy for increasing its community profile and as a consequence helping to promote long-term use of our services Metro has sponsored a broad range of sporting and community groups including:

- Football Tasmania (Tassie Mariners and the U16 and U18 representative teams);
- Tasmanian Cricket (Metro Cup junior program);
- Junior Netball;
- Menzies Centre (health research);
- Tasmanian Pacing;
- Police Citizen & Youth Club Bridgewater;
- University Review;
- MRA Toy Run;
- CANTEEN;
- Road Safety Task Force;





## Chief Executive Officer's Review *continued*

- Southern Cross Special Children's Christmas Party;
- Operation NOAH;
- Seniors Week; and
- Poets Omnibus.

### Web Site

Metro provides access to a wide range of information through our web-site; **[www.metrotas.com.au](http://www.metrotas.com.au)**. The site is continually reviewed, upgraded and refreshed during the year. The site provides a comprehensive source of information on Metro and its services.

Some web page statistics for the year are:

- |                                     |              |
|-------------------------------------|--------------|
| • Requested items:                  | 746,000      |
| • Requested pages:                  | 309,000      |
| • Distinct hosts served:            | 14,000       |
| • Data transferred:                 | 13.0 Gbytes  |
| • Average requests per day:         | 2,050        |
| • Average data transferred per day: | 36.6 Mbytes. |

### Internal Audit

An Internal Audit Committee, chaired by the Chairperson of Metro, Ms Sally Denny, operates in accord with company policy. Deloitte Touche Tohmatsu have undertaken the Internal Audit task since January 1996. The Internal Audit Committee meets regularly and its primary brief is to manage and report on the Internal Audit program.

### Metro Coaches (Tas) Pty Ltd

The operational and financial performance of Hobart Coaches continues to be very satisfactory, although passenger levels declined marginally by 0.5% over the previous year compared to increases of 4.3% and 8.7% for the previous two years.

Hobart Coaches operations showed a profit of \$4,000 for the year, and the contribution to the parent company was equivalent to a return on investment of 10%, a significant increase from the return of 7.1% in 2000/01.

Hobart Coaches is expected to see major changes during the next financial year as part of the Government's announcement ahead of the State election to integrate the Hobart Coaches services for the Kingston / Blackmans Bay area into Metro's Hobart operations.

During August a tragic accident took the life of Peter Knott, a much admired and long-serving Hobart Coaches driver. Peter was a gentle giant of a man who was well known for his willingness to help out his fellow workmates. Peter will be sadly missed.

Laurie Hansen  
CHIEF EXECUTIVE OFFICER







## Statistics and Performance Indicators

Except as indicated, information regarding Metro's subsidiary, Hobart Coaches, has not been included in statistics and performance indicators. It is deemed that incorporation of such information would distort comparisons.

### Timetabled Services

The number of first boardings by passenger category on timetabled services, excluding charter and contract services, were:-

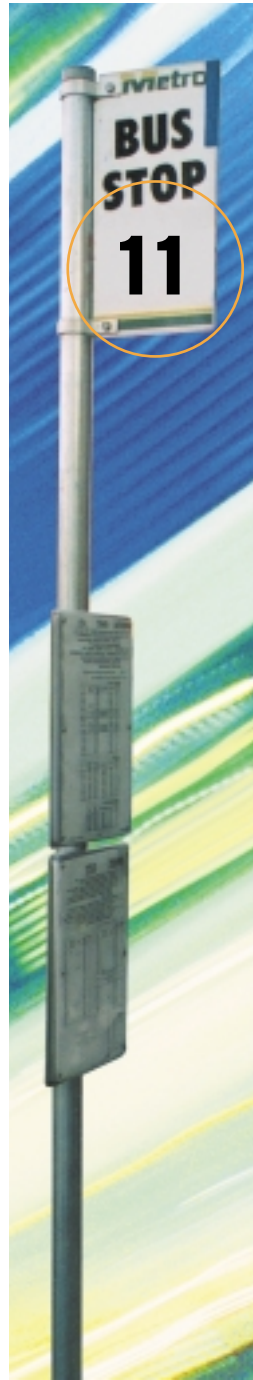
Passenger	Number of Trips		% Composition		Increase (Decrease) to Previous Year
	2000/01 000's	2001/02 000's	2000/01 %	2001/02 %	%
Adult Fare	1,722	1,709	21.8	21.7	(0.7)
Adult Concession	2,814	2,891	35.6	36.7	2.7
Child & Student	3,379	3,269	42.7	41.5	(3.3)
<b>TOTAL:</b>	<b>7,915</b>	<b>7,869</b>	<b>100.0</b>	<b>100.0</b>	<b>(0.6)</b>

Note: Figures may not add up exactly due to rounding.

### Prepaid Ticket Use by Fare Category (percentage of First Boardings Timetabled Services)

	Adult %	Adult Concession %	Child/ Student %	Total All Categories %
1996/97	31.3	24.1	68.8(ii)	50.0(i)
1997/98	32.3	22.9	66.3(ii)	50.9(i)
1998/99	31.9	22.1	62.8(ii)	49.9(i)
1999/00	32.0	20.7	63.0(ii)	48.6(i)
2000/01	33.3	20.2	62.2(ii)	47.7(i)
2001/02	33.3	20.2	60.7(ii)	46.4(i)

- (i) Total All Categories - free trips made by eligible school children are included as "pre-paid".  
(ii) Child/Student statistics exclude free school trips.





## Statistics and Performance Indicators

### Passenger Trips (number of passenger trips for the year including transfers, charter and contract services)

	Hobart	Launceston	Burnie	Total
1996/97	7,908,000	2,086,000	645,000	10,639,000
1997/98	7,390,000	1,993,000	613,000	9,996,000
1998/99	7,165,000	1,855,000	548,000	9,568,000
1999/00	7,056,000	1,807,000	516,000	9,379,000
2000/01	7,167,000	1,950,000	509,000	9,626,000
2001/02	7,191,000	1,903,000	532,000	9,626,000

### Number of Buses in Service (as at 30 June 2002)

	Hobart Coaches Fleet	Metro Fleet			Total
		Hobart	Launceston	Burnie	
M.A.N.	1	11	9	2	23
Mercedes Benz	1	-	-	-	1
Scania	9	101	41	13	164
Volvo Articulated	1	21	-	-	22
Hino Rainbow	-	3	-	-	3
	12	136	50	15	213

### Engineering (i)

	2000/01	2001/02
Percentage of vehicles in excess of maximum daily demand	11.8	12.1

### Work Performance (ii)

Average FTE's per vehicle	1.80	1.81
Sick leave days per full time equivalent employee	7.9	6.3
Number of work injuries resulting in lost time	69	70
Number of employees at 30 June	409	405
Average FTE's during year	371.4 <sup>(iii)</sup>	363.9 <sup>(iii)</sup>
Number of employees entering service	39	36
Number of employees leaving service	33	40

(i) Includes Metro Coaches fleet.

(ii) Excludes Metro Coaches Statistics.

(iii) Apprentices who are employed under contract from regional training boards are excluded.







## Directors' Report

The Directors of Metro Tasmania Pty Ltd submit herewith the financial report for the year ended 30 June 2002.

### Principal Activities

The consolidated entity's principal activity in the course of the financial year was the provision of bus passenger transport services in the Tasmanian urban centres of Hobart, Launceston and Burnie and through its subsidiary company to Kingston/Blackmans Bay, Channel, Richmond and New Norfolk.

### Overview of Operations

Historically Metro's patronage has been declining. Growth in statewide first boardings patronage of 2.3% was achieved in 2000/01. During the current financial year a relatively minor decline of 0.6% occurred. Despite this year's fall, patronage levels continue to be considerably better than Metro's transport consultants' prediction of a 2.5% decline annually.

There were no increases in Metro's fares during the financial year. The last fare increase was in July 2000 which was on average an increase of 8.2% including 4.3% due to GST. There have been no increases in student fares since 1996.

The Tasmanian economy and business confidence continued to improve during this financial year. An ageing population, resulting in a decline in school age children will continue to impact on Metro's customer profile in the future.

During the year Metro commenced its most significant bus replacement program for some time. This program will progressively replace the bus fleet with a modern fully accessible fleet that meets the requirements of the Disability Discrimination Act. Three 14.5 metre buses were delivered and commissioned in July 2001. Tenders were called during the year for Metro to purchase twenty standard rigid buses over a two year period, ten each financial year. In June 2002 four of the ten buses to be purchased during the 2001/02 financial year were delivered and being prepared for service.

Metro and its controlled entity achieved a profit of \$413,000 for the financial year. A dividend for the year of \$286,000 is recommended. This is a significant achievement, when compared to the loss incurred in 2000/01 of \$53,000 and considering Metro's contract arrangements are structured to achieve a breakeven result.

A receipt during the year for \$336,000, representing reimbursement for prior year increases in RBF superannuation provisions, as a result of employees transferring to Metro from other government agencies, contributed to the outcome for the year. This in turn was partially offset by an additional expense of \$140,000 for pre 1996 workers compensation.

### Changes in State of Affairs

During the twelve months there was no significant change in the state of affairs of the entity other than that referred to in the financial statements or notes thereto.

### Superannuation Declaration

The company has met its obligations under the *Superannuation Guarantee (Administration) Act 1992* in respect of those employees who are members of a complying superannuation scheme to which Metro contributes.

### Subsequent Events

There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

### Future Developments

Disclosure of information regarding likely developments in the operation of the entity in future financial years and the expected results of those operations is unlikely to result in unreasonable prejudice to the entity. Accordingly, this information has not been disclosed in this report.





## Directors' Report *continued*

### Dividends

A dividend of \$286,000 has been provided for shareholders out of current profit. There was no dividend paid or provided for in respect of the previous financial year.

### Directors' Remuneration

Fees paid to Directors are set by the Minister representing the Crown. During the twelve months, no Director has received, or become entitled to receive, a benefit by reason of a contract made by the Company with a Director or with a firm of which he or she is a member or an entity in which he or she has a financial interest.

### Indemnification of Directors and Officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all Executive Officers of the Company and related body corporate against potential liabilities to the extent permitted by Corporations Law.

### Corporate Governance

Corporate Governance is the system by which the activities of a company are controlled and coordinated in order for the company to achieve its desired outcomes.

Metro has developed and uses a corporate governance handbook that details the company's corporate governance procedures.

The role of the Board is to direct the management of Metro in meeting the aspirations of shareholders (the Crown).

The Board performs this role by:

- Appointing and monitoring the performance of the CEO;
- Clearly identifying and enunciating the strategic direction for Metro;
- Identifying and addressing the principal risks for Metro Tasmania Pty Ltd;

- Monitoring the conduct and performance of the company through an integrated framework of controls;
- Ensuring all Metro's business is conducted in an honest, open and ethical manner; and
- Ensuring adequate succession planning.

### Audit Committee

Metro has an Internal Audit Committee constituted of members of the Board and chaired by the Chairperson of the Board and involving Metro's Internal Auditor. This committee closely monitors the operational and financial aspects of the Company's activities, and develops strategies for action regarding financial and operational risks facing the Company.

### Risk Management

The Company has developed appropriate responses to key financial risks. The Company has also identified the need to develop a comprehensive risk management strategy. Work commenced on this task during the 2001/02 financial year, and will be completed during the 2002/03 financial year.

### Rounding Off of Amounts

Metro is a company of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in the Directors Report and the Financial Report have been rounded off to the nearest thousand dollars.

Signed in accordance with the resolutions of the Directors made pursuant to Section 298 (2) of the Corporations Act 2001.

On behalf of the Directors.

Sally Denny  
CHAIRPERSON OF DIRECTORS

27 September 2002  
HOBART





## Directors' Declaration



In the Directors' opinion:

- (a) The attached statement of financial performance of the company gives a true and fair view of the company's profit for the financial year ended 30 June 2002;
- (b) The attached statement of financial position of the company gives a true and fair view of the company's state of affairs as at 30 June 2002; and
- (c) There are, when this statement is made out, reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors made pursuant to S. 295(5) of the Corporations Act 2001.

On behalf of the Directors.

A handwritten signature in black ink, appearing to read 'Sally Denny'.

Sally Denny

**CHAIRPERSON OF DIRECTORS**

A handwritten signature in black ink, appearing to read 'Michael Wisby'.

Michael Wisby

**MEMBER OF BOARD OF DIRECTORS**

29 August 2002

**HOBART**





## To the Members of Metro Tasmania Pty Ltd

### Scope

I have audited the financial report of Metro Tasmania Pty Ltd for the financial year ended 30 June 2002, consisting of the Statement of Financial Performance, Statement of Financial Position, Cash Flow Statement, accompanying notes and the Directors' Declaration. The Company's Directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Members of the Company.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Corporations Act 2001 so as to present a view which is consistent with my understanding of the financial position of the Company, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In my opinion, the financial report of Metro Tasmania Pty Ltd is in accordance with:

- (a) *The Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the company's financial position as at 30 June 2002 and of its performance for the year ended on that date; and
  - (ii) Complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) Other mandatory professional reporting requirements in Australia.

D W R Baulch  
Deputy Auditor-General  
**TASMANIAN AUDIT OFFICE**

**For the Auditor-General**

17 September 2002  
**HOBART**







## Statement of Financial Position as at 30 June 2002

	Note	Consolidated		Company	
		2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
<b>Current Assets</b>					
Cash assets		3 704	1 329	3 703	1 328
Receivables	2	863	1 068	823	1 045
Inventories	3	742	696	741	694
Other financial assets	4	2 695	3 092	2 695	3 092
Other	5	497	431	487	421
<b>Total Current Assets</b>		<b>8 501</b>	<b>6 616</b>	<b>8 449</b>	<b>6 580</b>
<b>Non-Current Assets</b>					
Other financial assets	4	2 630	1 990	2 630	1 990
Property, plant and equipment	6	26 039	26 834	24 890	25 466
Intangibles	7	111	127	-	-
Other	8	193	-	1 593	1 400
<b>Total Non-Current Assets</b>		<b>28 973</b>	<b>28 951</b>	<b>29 113</b>	<b>28 856</b>
<b>Total Assets</b>		<b>37 474</b>	<b>35 567</b>	<b>37 562</b>	<b>35 436</b>
<b>Current Liabilities</b>					
Payables		2 726	1 976	2 928	1 956
Interest-bearing liabilities	9	4	71	4	71
Provisions	10	4 474	3 994	4 448	3 960
<b>Total Current Liabilities</b>		<b>7 204</b>	<b>6 041</b>	<b>7 380</b>	<b>5 987</b>
<b>Non-Current Liabilities</b>					
Interest-bearing liabilities	9	3 030	3 034	3 030	3 034
Provisions	10	10 052	9 431	10 033	9 419
<b>Total Non-Current Liabilities</b>		<b>13 082</b>	<b>12 465</b>	<b>13 063</b>	<b>12 453</b>
<b>Total Liabilities</b>		<b>20 286</b>	<b>18 506</b>	<b>20 443</b>	<b>18 440</b>
<b>Net Assets</b>		<b>17 188</b>	<b>17 061</b>	<b>17 119</b>	<b>16 996</b>
<b>Equity</b>					
Contributed Equity	11	15 502	15 501	15 502	15 501
Reserves	12	1 192	1 207	1 120	1 097
Retained profits	13	494	353	497	398
<b>Total Equity</b>	14	<b>17 188</b>	<b>17 061</b>	<b>17 119</b>	<b>16 996</b>



The Statement of Financial Position is to be read in conjunction with the accompanying Notes to the Financial Statements.





## Statement of Financial Performance for the year ended 30 June 2002

		Consolidated		Company	
	Note	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
REVENUE					
Revenue from Traffic Operations		27 952	27 227	26 699	26 007
Other Revenues from Ordinary Activities		1 653	1 767	1 789	1 852
		29 605	28 994	28 488	27 859
EXPENSES					
Traffic Operations		( 21 420)	( 21 119)	( 20 624)	( 20 262)
Engineering and Maintenance Services		( 4 100)	( 4 100)	( 3 843)	( 3 827)
Administration and General		( 3 445)	( 3 566)	( 3 385)	( 3 525)
Borrowing Cost Expense		( 227)	( 262)	( 227)	( 262)
		( 29 192)	( 29 047)	( 28 079)	( 27 876)
<b>Profit/(Loss) From Ordinary Activities Before Taxation Equivalent</b>	18	413	( 53)	409	( 17)
Taxation Equivalent Relating to Ordinary Activities	20	-	-	-	-
<b>Profit/(Loss) From Ordinary Activities After Related Taxation Equivalent</b>		413	( 53)	409	( 17)
<b>Net Profit/(Loss)</b>		413	( 53)	409	( 17)
Increase in Asset Revaluation Reserve Arising on Revaluation of Non-Current Assets	12	-	1 207	-	1 097
<b>Total Revenue, Expense and Valuation Adjustments Attributable to Members of the Parent Entity Recognised Directly in Equity</b>		-	1 207	-	1 097
<b>Total Changes in Equity Other Than Those Resulting from Transactions with Owners as Owners</b>	14	413	1 154	409	1 080

The Statement of Financial Performance is to be read in conjunction with the accompanying Notes to the Financial Statements.



## Statement of Cash Flows as at 30 June 2002



	Consolidated		Company	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
<b>Cash Flows From Operating Activities</b>				
Inflows				
Receipts from Customers	29 969	28 700	29 010	27 458
	29 969	28 700	29 010	27 458
Outflows				
Payments to Suppliers and Employees	25 274	26 132	24 374	25 114
Payments for Interest Expense	227	262	227	262
	25 501	26 394	24 601	25 376
Net Cash Provided by Operating Activities (Note 19(c) )	4 468	2 306	4 409	2 082
<b>Cash Flows From Investing Activities</b>				
Inflows				
Interest on Securities and Lending	384	387	520	523
Proceeds on Sale and Maturity of Securities	-	500	-	500
Proceeds on Sale Fixed Assets	791	275	708	232
	1 175	1 162	1 228	1 255
Outflows				
Purchase of Property, Plant and Equipment	2 899	858	2 893	727
Purchase of Securities	298	335	298	335
	3 197	1 193	3 191	1 062
Net Cash Used in Investing Activities (Note 19(b) )	( 2 022)	( 31)	( 1 963)	193
<b>Cash Flows From Financing Activities</b>				
Inflows				
Proceeds from Borrowings	2 792	-	2 792	-
	2 792	-	2 792	-
Outflows				
Retirement of Private Borrowings	2 792	-	2 792	-
Retirement of Treasury Loans	71	588	71	588
Payment of Dividend	-	533	-	533
	2 863	1 121	2 863	1 121
Net Cash Used in Financing Activities	( 71)	( 1 121)	( 71)	( 1 121)
Increase in Cash Held	2 375	1 154	2 375	1 154
Cash at Beginning of Financial Year	1 329	175	1 328	174
Cash at End of Financial Year (Note 19(a) )	3 704	1 329	3 703	1 328

The Statement of Cash Flows is to be read in conjunction with the accompanying Notes to the Financial Statements.





## Notes to and forming part of the Financial Statements as at 30 June 2002

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) General

Metro Tasmania Pty Ltd was incorporated on 2 February 1998 under the Metro Tasmania Act 1997. This company is the successor in law of Metropolitan Transport Trust. On the date of incorporation the property of the Trust was vested in Metro Tasmania Pty Ltd and the liabilities of the Trust became the liabilities of Metro Tasmania Pty Ltd.

Shares issued to the members of the Company ( 2 shares at \$1 each ) are held in trust for the Crown by the Stakeholder Minister ( The Treasurer ) and the Portfolio Minister (Deputy Premier).

#### Basis of Accounting

The financial statements are a general purpose financial report which has been prepared in accordance with applicable Accounting Standards, Urgent Issues Groups Consensus Views and the Corporations Act.

The financial statements have been prepared on an historical cost basis and do not take into account changing money values.

#### (b) Changes in Accounting Policies

The method used to calculate depreciation on the bus fleet has been changed effective from 1 July 2001.

Andersen's June 2001 valuation report of the bus fleet recommended adopting the "Adjusted Industry Rule of Thumb" method to calculate depreciation. The purpose of the change was to ensure that buses are being depreciated to reflect their true loss in value and that adjustments on revaluation or disposals are minimal.

The change in the method has not resulted in a material impact on the current year or future year's depreciation expense.

#### (c) Basis of Valuation of Fixed Assets

Fixed assets have been valued at cost, with the exception of land, buildings and the bus fleet, which were independently valued at 30 June 2001 which equates to fair value. Refer Notes 6(b) and 6(c).

#### (d) Borrowings

Loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accruals basis.

#### (e) Depreciation

Fixed assets other than freehold land and the bus fleet have been depreciated over their useful lives using the straight line method. The following estimated useful lives are used in calculation of depreciation:

Buildings	40 years
Route Infrastructure	10 years
Other Plant and Equipment	10 years
Electronic Ticketing	5 years
Information Technology Equipment	4 years
Auxiliary Vehicles	4 years

The bus fleet has been depreciated using the depreciation profile recommended in Anderson's 2001 valuation report, the "Adjusted Industry Rule of Thumb".

#### (f) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

#### (g) Licences

Licences held by the subsidiary company, which allow it to operate timetabled services on specified routes and provide charter services, have been recorded at cost and amortised on a straight line basis over a period of 10 years.

#### (h) Investments

Funds are invested as authorised by the Trustee Act 1898. Funds are managed by an external fund manager. The fund manager was appointed in October 1995 with a mandate to invest in an Australian fixed interest portfolio in investments authorised by the Trustee Act 1898. Interest income is brought to account on the basis of the fund book value. Investments are carried at the lower of cost and recoverable amount.

#### (i) Inventories

Inventories have been valued at the lower of average cost or net realisable value, with the exception of reconditioned stock which is valued at the lower of historic cost or net realisable value. Inventories consist of bus spare parts, fuel and consumable stores.

#### (j) Employee Benefits and Entitlements

##### (i) Retirement Benefits Fund Entitlements

The provision for Retirement Benefits covers employees who are contributory members, former employees in receipt of pension, and preserved entitlements retained for former employees. With respect to contributors, their scheme is a defined benefits scheme.

Each year, the State Actuary conducts a valuation of the past service and accrued liabilities within the Retirement Benefits Fund defined benefit scheme at the reporting date. Any shortfall between the value of these benefits and the market value of the Retirement Benefits Fund assets relevant for those members determines the value of any unfunded superannuation liability, and is shown as a liability in the Statement of Financial Position.





# Notes to and forming part of the Financial Statements as at 30 June 2002

The funding status of Metro Tasmania's share of the defined benefit schemes at the reporting date, based on actuarial valuations, is summarised as follows:

<b>Retirement Benefits Act 1993</b>	<b>30 June 2002</b>
	<b>\$</b>
Vested Benefits	17 115 097
Accrued Benefits	15 588 030
Net Market Value of Plan Assets	4 313 565
Deficit	11 274 465

The assumptions that were used to determine these amounts are set out in a Report prepared by Pricewaterhouse Coopers, dated July 2002. The main economic assumptions were:

Discount Rate	7.0%	p.a.
Salary Increase Rate	4.0%	p.a.
AWOTE Increases	3.5%	p.a.
CPI Increases	2.5%	p.a.

(ii) **Leave Entitlements**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and it is capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and long service leave, expected to be settled within 12 months, are measured at nominal value.

Provision is made in respect of long service, not expected to be settled within 12 months and measured as the net present value of the estimated future cash outflows, based on the past service of each employee up to the reporting date.

Provision for annual leave and long service leave includes related on-costs in accordance with AASB 1028 "Accounting for Employee Entitlements".

With the exception of Staff members, employee sick leave is cumulative. The sick leave system for Staff members is based on a period of a triennium. Sick leave entitlements are not vested in employees, are not considered to give rise to a liability and therefore no provision has been made.

(k) **Taxation**

The Company adopts the liability method of tax-effect accounting whereby the income tax equivalent expense shown in the Statement of Financial Performance is based on the operating profit before income tax equivalent adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax equivalents and taxable income, are brought to account as either provision for deferred income tax equivalent or an asset described as future income tax equivalent benefit at the rate of income tax equivalent applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax equivalent benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax equivalent benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income and comply with conditions of deductibility imposed by the law. Refer Note 20(b).

(l) **Principles of Consolidation**

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being Metro Tasmania Pty Ltd (the parent entity) and its controlled entity Metro Coaches (Tas) Pty Ltd. Refer Note 24. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of Metro Coaches (Tas) Pty Ltd from the date on which the company obtained control.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the economic entity are eliminated in full.

(m) **Revenue Recognition**

Traffic operation revenue is recognised at the time the service is provided.

(n) **Segment Reporting**

Metro Tasmania Pty Ltd operates bus services in Hobart, Launceston and Burnie. There are no reportable segments as the economic risks and returns in each location are relatively the same given the CSA contract with Government.





## Notes to and forming part of the Financial Statements as at 30 June 2002

### 2. Receivables

Accounts Receivable  
Amount due from Subsidiary, Metro Coaches (Tas) Pty Ltd  
Less Provision for Doubtful Debts

Movements in Provision for Doubtful Debts

Balance brought forward  
Add Increase to provision

Less Amounts written off  
Balance carried forward

All delinquent accounts have been reviewed and it is considered that the provision of \$10 176 (2001 \$6 504) is adequate. Debts of \$4 488 (2001 \$2 747) have been written off as unrecoverable.

Consolidated		Company	
2002	2001	2002	2001
\$000's	\$000's	\$000's	\$000's
873	1 075	833	1 044
-	-	-	8
( 10)	( 7)	( 10)	( 7)
863	1 068	823	1 045
7	5	7	5
7	5	7	5
14	10	14	10
( 4)	( 3)	( 4)	( 3)
10	7	10	7

### 3. Inventories

Inventories  
Less Provision for Obsolescence

Movements in Provision for Stock Obsolescence

Balance brought forward  
Add Adjustment to provision

Less Disposals and amounts written off  
Balance carried forward

Provision of \$72 250 (2001 \$66 943) has been made for obsolete and damaged stock and to reduce the value of stock to the lower of average cost (with the exception of reconditioned stock which is at historical cost) or realisable value.

Consolidated		Company	
2002	2001	2002	2001
\$000's	\$000's	\$000's	\$000's
814	763	813	761
( 72)	( 67)	( 72)	( 67)
742	696	741	694
67	57	67	57
5	14	5	14
72	71	72	71
-	( 4)	-	( 4)
72	67	72	67

### 4. Other Financial Assets

Shares in Controlled Entity - one \$1 share

Note 24

Managed Funds:

Cash at Bank and Fixed Interest

Securities maturing after one year

Current Investments - at market value

Non-Current Investments - at market value

Consolidated		Company	
2002	2001	2002	2001
\$000's	\$000's	\$000's	\$000's
-	-	-	-
2 695	3 092	2 695	3 092
2 630	1 990	2 630	1 990
5 325	5 082	5 325	5 082
2 695	3 092	2 695	3 092
2 630	1 990	2 630	1 990
5 325	5 082	5 325	5 082



# Notes to and forming part of the Financial Statements as at 30 June 2002

## 5. Other Current Assets

	Consolidated		Company	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Prepayments	497	431	487	421

## 6. Property, Plant and Equipment

Gross Carrying Amount	Company				
	Balance at 1 Jul 2001 \$000's	Additions \$000's	Disposals \$000's	Revaluation \$000's	Balance at 30 Jun 2002 \$000's
Land & Buildings —					
At independent valuation June 2001	8 716	25	( 25)	-	8 716
Route Infrastructure — At Cost	1 720	54	-	-	1 774
Office Equipment — At Cost	2 758	230	( 37)	-	2 951
Electronic Ticketing & Communication Equipment					
- At Cost	3 722	1	-	-	3 723
Plant & Equipment — At Cost	1 140	42	-	-	1 182
Auxiliary Vehicles — At Cost	537	108	( 153)	-	492
Buses — At independent valuation June 2001	15 059	2 530	( 594)	-	16 995
Work in Progress — At Cost	149	-	( 97)	-	52
	33 801	2 990	( 906)	-	35 885

### Accumulated Depreciation

	Balance at 1 Jul 2001 \$000's	Additions \$000's	Disposals \$000's	Revaluation \$000's	Balance at 30 Jun 2002 \$000's
Land & Buildings —					
At independent valuation June 2001	-	-	118	-	118
Route Infrastructure — At Cost	1 361	-	54	-	1 415
Office Equipment — At Cost	2 399	( 37)	124	-	2 486
Electronic Ticketing & Communication					
Equipment — At Cost	3 282	-	188	-	3 470
Plant & Equipment — At Cost	1 046	-	25	-	1 071
Auxiliary Vehicles — At Cost	247	( 101)	95	-	241
Buses — At independent valuation June 2001	-	( 41)	2 235	-	2 194
Work in Progress — At Cost	-	-	-	-	-
	8 335	( 179)	2 839	-	10 995

### Net Book Value

		2002 \$000's	2001 \$000's
Land & Buildings			
— At independent valuation June 2001	(Note 1(c))	8 598	8 716
Route Infrastructure — At Cost		359	359
Office Equipment — At Cost		465	359
Electronic Ticketing & Communication Equipment — At Cost		253	440
Plant & Equipment — At Cost		111	94
Auxiliary Vehicles — At Cost		251	290
Buses — At independent valuation June 2001	(Note 1(c))	14 801	15 059
Work in Progress — At Cost		52	149
		24 890	25 466







## Notes to and forming part of the Financial Statements as at 30 June 2002

### 6. Property, Plant and Equipment (continued)

Gross Carrying Amount	Consolidated				
	Balance at 1 Jul 2001 \$000's	Additions \$000's	Disposals \$000's	Revaluation \$000's	Balance at 30 Jun 2002 \$000's
Land & Buildings					
— At independent valuation June 2001	8 716	25	( 25)	-	8 716
Route Infrastructure — At Cost	1 733	54	-	-	1 787
Office Equipment — At Cost	2 758	230	( 37)	-	2 951
Electronic Ticketing & Communication Equipment					
— At Cost	3 745	1	-	-	3 746
Plant & Equipment — At Cost	1 140	42	-	-	1 182
Auxiliary Vehicles — At Cost	537	108	( 153)	-	492
Buses — At independent valuation June 2001	16 396	2 535	( 692)	-	18 239
Work in Progress — At Cost	149	-	( 97)	-	52
	35 174	2 995	( 1 004)	-	37 165

Accumulated Depreciation	Consolidated				
	Balance at 1 Jul 2001 \$000's	Additions \$000's	Disposals \$000's	Revaluation \$000's	Balance at 30 Jun 2002 \$000's
Land & Buildings					
— At independent valuation June 2001	-	-	118	-	118
Route Infrastructure — At Cost	1 364	-	55	-	1 419
Office Equipment — At Cost	2 399	( 37)	124	-	2 486
Electronic Ticketing & Communication					
Equipment — At Cost	3 284	-	191	-	3 475
Plant & Equipment — At Cost	1 046	-	25	-	1 071
Auxiliary Vehicles — At Cost	247	( 101)	95	-	241
Buses — At independent valuation June 2001	-	( 51)	2 367	-	2 316
Work in Progress — At Cost	-	-	-	-	-
	8 340	( 189)	2 975	-	11 126

#### Net Book Value

		2002 \$000's	2001 \$000's
Land & Buildings — At independent valuation June 2001	Note 1(c)	8 598	8 716
Route Infrastructure — At Cost		368	369
Office Equipment — At Cost		465	359
Electronic Ticketing & Communication Equipment — At Cost		271	461
Plant & Equipment — At Cost		111	94
Auxiliary Vehicles — At Cost		251	290
Buses — At independent valuation June 2001	Note 1(c)	15 923	16 396
Work in Progress — At Cost		52	149
		26 039	26 834

#### (a) Disposal of Non-Current Assets

Fixed assets of written down value \$720 456 (2001 \$231 170) were sold during the year for gross proceeds of \$790 976 (2001 \$274 469) which resulted in a profit on sale of \$70 520 (2001 \$43 299).

#### (b) Valuation of Land and Buildings

An independent valuation of Freehold Land and Buildings was performed as at 30 June 2001 by Mr D. Saunders F.V.L.E. (Val), B.Ec., Dip (Val) of Saunders & Pitt. This valuation was performed on the basis of "Current Market Value in the Existing Use".

#### (c) Valuation of Buses

An independent valuation of "in service" buses was performed as at 30 June 2001 by Mr R.A. van Raay AAPI, ASA (M&TS), AIMM Certified Practising Valuer (P&M) of Andersen. The valuation was performed on the basis of "Market Value for Existing Use". This approach assumes that the asset could be sold in the market for its existing use.



# Notes to and forming part of the Financial Statements as at 30 June 2002

## 7. Intangibles

		Consolidated		Company	
		2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Licences — At Cost	Note 1 (g)	161	161	-	-
Less Accumulated Amortisation		( 50)	( 34)	-	-
		111	127	-	-

## 8. Other Non Current Assets

	Consolidated		Company	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Loan to Subsidiary, Metro Coaches (Tas) Pty Ltd	-	-	1 400	1 400
Receivables	193	-	193	-
	193	-	1 593	1 400

## 9. Interest-Bearing Liabilities

	Consolidated		Company	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Private Borrowings at Consideration	2 792	2 792	2 792	2 792
Treasury Borrowings	242	313	242	313
Total Borrowings	3 034	3 105	3 034	3 105
Movements in Borrowings:				
Current :				
Not later than one year	4	71	4	71
Non Current :				
Later than 1 year and not later than 2 years	169	2 796	169	2 796
Later than 2 years and not later than 5 years	2 861	238	2 861	238
	3 030	3 034	3 030	3 034
Total Borrowings	3 034	3 105	3 034	3 105

## 10. Provisions

		Consolidated		Company	
		2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Current:					
Dividends	Note 21	286	-	286	-
Retirement Benefits	Note 1 (j)(i)	1 722	1 600	1 722	1 600
Leave Entitlements*	Note 1 (j)(ii)	2 282	2 347	2 256	2 313
Workers Compensation		184	47	184	47
		4 474	3 994	4 448	3 960
Non-Current:					
Retirement Benefits	Note 1 (j)(i)	9 553	9 065	9 553	9 065
Leave Entitlements*	Note 1 (j)(ii)	499	366	480	354
		10 052	9 431	10 033	9 419
		14 526	13 425	14 481	13 379

\*The aggregate employee entitlements as at 30 June 2002 are \$3 294 418 (2001 \$3 232 169):

Annual Leave \$928 621 (2001 \$932 166)

Long Service Leave \$1 853 056 (2001 \$1 781 050)

Accrued Wages \$512 741 (2001 \$518 953) (disclosed in payables)





## Notes to and forming part of the Financial Statements as at 30 June 2002

### 11. Contributed Equity

Issued Capital:

Two shares of \$1 each

Equity

Add Transfer from Retained Profits

Commonwealth Contributions to National Debt Commission

Consolidated		Company	
2002	2001	2002	2001
\$000's	\$000's	\$000's	\$000's
15 501	15 498	15 501	15 498
1	3	1	3
15 502	15 501	15 502	15 501

### 12. Reserves

Reserves Comprise:

Asset Revaluation Reserve

Movements in Reserves:

Asset Revaluation Reserve

Balance at beginning of financial year

Revaluation of land

Revaluation of buildings

Revaluation of bus fleet

Disposal of revalued buses

Balance at end of financial year

Consolidated		Company	
2002	2001	2002	2001
\$000's	\$000's	\$000's	\$000's
1 192	1 207	1 120	1 097
1 207	-	1 097	-
-	17	-	17
-	642	-	642
-	548	-	438
( 15)	-	23	-
1 192	1 207	1 120	1 097

The asset revaluation reserve arises on revaluation of non-current assets. Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred to retained profits.

### 13. Retained Profits

Balance at beginning of financial year

Net Profit/(Loss)

Transfer from Asset Revaluation Reserve

Transfer to Contributed Equity on formation

Transactions with owners as owners:

Dividends

Balance at end of financial year

Consolidated		Company	
2002	2001	2002	2001
\$000's	\$000's	\$000's	\$000's
353	409	398	418
413	( 53)	409	( 17)
15	-	( 23)	-
( 1)	( 3)	( 1)	( 3)
( 286)	-	( 286)	-
494	353	497	398





# Notes to and forming part of the Financial Statements as at 30 June 2002



## 14. Total Equity

	Consolidated		Company	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Total Equity at beginning of financial year	17 061	15 907	16 996	15 916
Total Changes in Equity recognised in the Statement of Financial Performance	413	1 154	409	1 080
Transactions with owners as owners:				
Dividends	( 286)	-	( 286)	-
Total Equity at end of financial year	17 188	17 061	17 119	16 996

## 15. Individually Significant Items

	Consolidated		Company	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Individually significant items are included in Profit from ordinary activities before taxation equivalent				
Receipt of superannuation liabilities for employees transferred from other government agencies	336	-	336	-

## 16. Directors' Remuneration

The Board of Directors of Metro Tasmania Pty Ltd was composed of the following individuals during 2002:

Ms Sally Denny (Chairperson)  
 Mr John Lees until 26 November 2001  
 Ms Ketrina Clarke  
 Mr Michael Wisby  
 Mr Fred Van Buren

Directors fees of \$50 745 ( 2001 \$54 277 ) and superannuation contributions of \$3 735 ( 2001 \$4 035) were paid in the period to 30 June 2002.

	Company	
	2002 No.	2001 No.
The number of Directors whose total remuneration falls within each successive \$10 000 band of income:		
\$ 0 to \$9 999	4	4
\$20 000 to \$29 999	1	1

There were no transactions with Directors or Director related entities during the financial year.

## 17. Auditors' Remuneration

	Consolidated		Company	
	2002	2001	2002	2001
Amounts payable to the Auditor-General in respect of Auditing the financial report for year ended 30 June 2002	45 430	44 935	45 430	44 935





## Notes to and forming part of the Financial Statements as at 30 June 2002

### 18. Profit from Ordinary Activities

Profit from ordinary activities before income tax includes the following items of revenue and expense:

	Consolidated		Company	
	2002	2001	2002	2001
	\$000's	\$000's	\$000's	\$000's
Operating Revenue				
Traffic Operations	27 952	27 227	26 699	26 007
Interest Revenue	384	387	520	523
Advertising Income	349	470	333	445
Rental Income	173	208	173	200
Other Income	677	658	687	644
Non Operating Revenue				
Net Profit from sale of property, plant and equipment	70	44	76	40
Operating Expenses				
Amortisation Expense	16	16	-	-
Depreciation Expense	2 975	2 790	2 839	2 623
Bad & Doubtful debts expense	7	5	7	5

### 19. Notes to the Statement of Cash Flows

- (a) For purposes of the Statement of Cash Flows, cash is considered to include cash on hand and in banks. It excludes cash held as an investment.

Cash as shown in the Statement of Cash Flows is reconciled to the balance at the beginning and end of financial year as follows :-

	Consolidated		Company	
	2002	2001	2002	2001
	\$000's	\$000's	\$000's	\$000's
Cash at Bank and at Call	3 704	1 329	3 703	1 328
	3 704	1 329	3 703	1 328

- (b) Cash Related to Investing Activities

Interest earned on investments, held to fund superannuation liabilities, has been treated as cash from investing activities.

- (c) Reconciliation of Net Cash Provided by Operating Activities to Profit from Ordinary Activities after Related Taxation Equivalent

Profit from Ordinary Activities after Related Taxation Equivalent	413	( 53)	409	( 17)
Depreciation	2 975	2 789	2 839	2 623
Amortisation	16	16	-	-
Increase in Provision for Doubtful Debts	3	2	3	2
Increase in Debtors and Other Receivables	( 426)	( 731)	( 186)	( 742)
Increase in Provision for Inventory Obsolescence	5	10	5	10
Increase in Inventory	( 51)	( 6)	( 52)	( 7)
Increase in Accounts Payable	961	318	962	393
Increase in Employee Entitlements	680	825	679	816
Income from Loan to Subsidiary	-	-	( 136)	( 136)
Profit on Sale of Fixed Assets	( 70)	( 44)	( 76)	( 40)
Income from Investments	( 384)	( 387)	( 384)	( 387)
Decrease in Provision for Workers Compensation	137	( 499)	137	( 499)
Devaluation of Investments	55	25	55	25
Increase in GST Control	154	41	154	41
Net Cash Provided by Operating Activities	4 468	2 306	4 409	2 082



# Notes to and forming part of the Financial Statements as at 30 June 2002

## 20. Taxation Equivalents



(a) The prima facie tax on operating profit is reconciled to the taxation equivalent payable provided in the accounts as follows:-

	Consolidated		Company	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Profit from ordinary activities before taxation equivalent	413	( 53)	409	( 17)
Prima facie tax payable on profit from ordinary activities before income tax at 30%	124	( 18)	123	( 6)
Add Tax effect of:				
Non-deductible depreciation on buildings	35	37	35	37
Other non-deductible expenses	21	16	15	11
Non-deductible superannuation - former employees	-	44	-	44
Effect on Future Income Tax Benefit and Provision for Deferred Income Tax due to the change in tax rates	-	136	-	134
	56	233	50	226
Subtract Tax effect of:				
Building allowance write-off	(130)	(146)	(130)	( 146)
Timing differences and tax losses not brought to account as provision for deferred income tax (Note 20(b))	(50)	(69)	(43)	( 74)
	(180)	(215)	(173)	( 220)
Income tax equivalent expense attributable to Operating Profit/(Loss) before Income Tax	-	-	-	-

(b) Future Income Tax Benefit not brought to account, the benefit of which will only be realised if the conditions for deductibility set out in Note 1(k) occur. These figures have been stated to reflect the changes in the Income Tax Rate to 30% for 2001/02.

- timing difference	1 526	( 2 415)	1 609	( 2 356)
- tax losses	5 480	6 274	5 387	6 198
	7 006	3 859	6 996	3 842

## 21. Dividends

	Consolidated		Company	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Dividends provided for the financial year	286	-	286	-

## 22. Commitments and Contingent Liabilities

	Consolidated		Company	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
Capital Expenditure Commitments:				
Not longer than one year - contracted	5 436	1 093	5 436	1 093

### Contingent Liabilities

Dispute with supplier of goods. Metro is advised that the estimated cost will not exceed \$85 000. Metro believes the claim can be successfully defended and therefore no loss will be incurred.





## Notes to and forming part of the Financial Statements as at 30 June 2002

### 23. Economic Dependency

A significant volume of Metro's operations are performed under contract to the State Government. The current contract will expire on 30 June 2004.

Revenue received under the service contract for the year ended 30 June 2002 was \$19 345 752.

### 24. Controlled Entity

	Country of Incorporation	Ownership Interest
<b>Parent Entity</b>		
Metro Tasmania Pty Ltd	Australia	
<b>Controlled Entity</b>		
Metro Coaches (Tas) Pty Ltd	Australia	100% from 7 May 1999

### 25. Financial Instruments

#### Cash

Cash is measured at nominal amounts. Exposure to interest rate and credit risks is considered to be minimal.

#### Receivables

Trade receivables and other receivables are recorded at nominal amounts due less any provision for doubtful debts (Note 2). A significant volume of Metro's operations are performed for the State Government or are received as cash fares. Accordingly, exposure to credit risk is minimal. Trade Receivables are recognised on delivery of services to customers.

#### Investments

Metro's investment portfolio as per Note 4 is brought to account at lower of "Written Up Book Value" or "Market Value" which equates to fair value.

#### 2002

	weighted average coupon rate (i)	Fixed interest maturing in:			Total 2002 \$000's
		less than 1 year \$000's	over 1 to 5 years \$000's	more than 5 years \$000's	
Commonwealth Government	8.47%	-	1 151	355	1 506
Semi-Government	7.22%	-	1 049	75	1 124
		-	2 200	430	2 630
add Cash and Deposits		2 695	-	-	2 695
Total Managed Funds		2 695	2 200	430	5 325

#### 2001

	weighted average coupon rate (i)	Fixed interest maturing in:			Total 2001 \$000's
		less than 1 year \$000's	over 1 to 5 years \$000's	more than 5 years \$000's	
Commonwealth Government	8.24%	-	862	251	1 113
Semi-Government	7.16%	-	112	765	877
		-	974	1 016	1 990
add Cash and Deposits		3 092	-	-	3 092
Total Managed Funds		3 092	974	1 016	5 082

(i) Calculated as the face value multiplied by the coupon rate and then expressed as a percentage of the market value.



## Notes to and forming part of the Financial Statements as at 30 June 2002

### Accounts Payable

Accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods or services. Measurement is based on the agreed purchase/contract cost. The amounts are unsecured and are normally settled within 30 days.

### Borrowings

Borrowings are carried on the balance sheet at their face value. Private borrowings are interest only, at a rate of 6.35% and mature on 16 March 2005. The term of Treasury loan funds is to 1 July 2005 and they are subject to a weighted average interest rate of 8.83% plus guarantee fees. The net fair value of the loans at 30 June 2002 using discounted cash flow analysis based on similar types of borrowing arrangements has been estimated as follows:

	Net Fair Value
Private Borrowings	\$2 859 933
Treasury Borrowings	\$262 861

Refer Note 9 for timing of future repayments.

Interest expense is accrued at the contracted rate and is included in Payables.





## Attachment A

**Metro staff successfully completing the Level 3 Certificate in Transport and Distribution (Road Transport)<sup>1</sup> in 2001/02**

### Metro (Hobart)

Bill	Alexiadis
Robert	Arnott
Anthony	Banks
Peter	Barnes
Ronald	Barnes
Andrew	Barnstable
Lester	Barwick
Chris	Batchelor
David	Blacklow
Darryl	Bradford
Derek	Buck
Kevin	Burgess
Heather	Chaplin
Lionel	Clark
Albert	Clasener
Barry	Collins
Martin	Cook
Graeme	Cooper
David	Costello
Ivan	Cripps
Ronald	Dawes
John	Downey
John	Dykes
James	Fitzpatrick
James	Fullerton
Warren	Glover
John	Hayes
Allen	Headlam
Noel	Hoskinson

### Metro (Hobart) continued

Raymond	Jackman
Craig	Jones
Loretta	Jones
Victor	Kaiser
Gerard	Kingston
Grant	Kitchin
Wade	Lester
David	Lockley
Jack	Lockley
Anthony	Lucas
Victor	Marsh
Dallas	Marshall
Paul	Marshall
Pamela	McAllister
Peter	McDermott
Michael	Mills
Dennis	Morrison
Steven	Murphy
Jody	Nichols
Francis	Ollington
Gregory	Oswin
Raymond	Paydon
Kevin	Pregnell
Stephen	Price
Gail	Purcell
Peter	Quinn
Donald	Ripper
Graeme	Ripper
Carl	Sculthorpe

### Metro (Hobart) continued

Gerard	Shelverton
Robert	Slade
Peter	Smith
Mark	Stalker
Chris	Stanwix
Glenn	Stevens
William	Sweeney
Ivor	Thomas
Phillip	Thorp
Peter	Vigolo
Colin	Whitton
Kenneth	Wiggins
Karen	Woodhead
Elwyn	Woolley
Helen	Wright
Allen	Young

### Metro (Launceston)

Vernon	Bale
Maxwell	Barrett
Robert	Brawn
Jenny	Crans
James	McKenna
Rodney	Pearce
Simon	Peck
Barbara	Townsend
Olaf	Wichmann

Note 1: Level 3 Certificate in Transport & Distribution (Road Transport) is the professional trade level of national qualification.





# Annual Report 2001/2002



2002



Metro Tasmania  
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